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Modi 3.0 sets a quick pace...

THE CALL FOR restoration of the unfunded old pension scheme (OPS) was, however, resisted. The new Unified Pension Scheme (UPS) is fully funded one. These steps are in sync with the policy focus on priority groups like the poor, middle class and women.

According to NR Bhanumurthy, director at Madras School of Economics, in terms of policies, the government has done well so far. "Important aspect of job creation is being addressed," he noted, expressing the hope that the employment schemes announced in the Budget would be rolled out soon.

But the first 100 days also saw the government reversing the Budget decision to deny indexation benefits on long-term capital gains which caused concerns among the middle class and the real estate sector, and the shelving of the broadcast Bill, that was designed to put fresh controls on online content.

Also, a plan to have a reform-oriented approach to hiring talent from the private sector to assist the government in governance, has been put on the backburner due to protests from a section for not having reservations based on caste. The Union Public Service Commission was forced to rescind an advertisement inviting applications for 45 posts of director, joint secretaries and deputy secretaries under various ministries and departments.

The Economic Survey 2024 was noted for some radical suggestions, including wooing of foreign direct investment (FDI) from China, and putting a stop to the practice of privileging capital over labour.

While commending the post-pandemic "emergence of the Indian retail investor," the survey warned against risk-prone market practices disguised as financial innovations, and contended that a low-per-capita-income country like India could ill-afford these.

It also stressed that employment generation is "the real bottom line" for the private sector, and called for "maximum relief" for small and medium industries from the compliance burden they continue face and lamented their lower access to credit.

The policy announcements by the government haven't kept pace with these prescriptions.

Akshay Jain, partner at Saraf and Partners, said while the schemes appear to be viable, the rules would need to be balanced keeping the interests of both employers and employees, for achieving the intended objectives.

Akhil Chandna, partner at Grant Thornton Bharat stressed that the government would need industry support for the success of the schemes. "The industry participants should be taken on board in a participative manner while finalising the rules, he said.

Long-pending agenda of restructuring GST with a reduction in slabs and rate rationlisation has been given a fresh impetus

Bhanumurthy highlighted three areas of concern—exports, food inflation and interest rates. "Projections are that exports are going to take a hit, not because the domestic factors, but largely due to external ones. Also, food inflation is still at an elevated level. Going forward, given that there are so many festivals lined up, this is still a cause for concern for the monetary policy." Given that the US Fed will start reducing the interest rates, how that will be transmitted to the Indian economy is an issue. The jury is out on whether the Fed's likely move would indeed help Indian interest rates to come down.

On the new Unified Pension Scheme, Kulin Patel, CEO and partner at KA Pandit Consultants and Actuaries said it is "a great win" for employees. However, while the government has buttressed the scheme with a number of measures for cost/risk mitigation, such as a simpler dearness relief calculation and a pooled fund for the additional government contribution, ultimately, the cost to the government will be uncertain, and will need to be reviewed in years to come through actuarial valuations. "It means there is a risk to future generations to some extent," he said.

Aditi Nayar, Icra chief economist, said: "The funding of the pension liabilities by state governments is relatively more onerous than the burden on the Centre. However, employees would prefer the assurance offered by the UPS. Several operational details are awaited, which would aid in calculating the cost to the state governments, of switching to the UPS." She added that given the Centre's estimated cost per annum of 0.02% of GDP, the state governments' outlay would be double that level, at 0.04% of GDP at the current juncture if they also choose to follow UPS.

Under UPS, government staff would be entitled to 50% of average last 12 months' basic pay and dearness allowance as pension, inflation-adjusted dearness relief, pension to the spouse upon death of the pensioner at 60% of last pension drawn and a minimum ₹10,000 pension. All these benefits are nearly similar to OPS, without putting the exchequer to any major fiscal risk.

The long-pending agenda of restructuring GST with a reduction in slabs and rate rationlisation has been given a fresh impetus, with the reconstitution of a group of ministers, designated to suggest how these changes have to be made.

The government has extended the ₹5 lakh health cover under the Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (PMJAY) to all senior citizens irrespective of economic status and a top-up of extra ₹5 lakh health cover to senior citizens in the deprived section which are already covered under the scheme.

The move would benefit approximately 45 million families with 60 million senior citizens.

After providing financial support to build 42.1 million houses under the Pradhan Mantri Awas Yojana since 2015-16 to assist the eligible rural and urban households for the construction of houses with basic amenities, the Modi 3.0 has announced ₹5.35 lakh crore financial assistance to build another 30 million houses in rural and urban areas.

Even though not yet officially announced, the Centre will likely begin a long-delayed population census this month to plug important data gaps in policymaking after years of criticism.

India's once-a-decade census was due to be completed in 2021 but was delayed because of the Covid-19 pandemic. It will take about 18 months to complete the new survey.